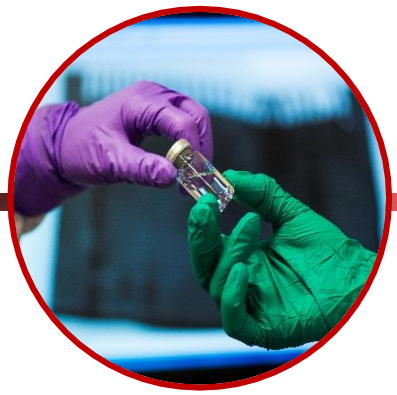
Third Quarter Report 2015

Nordic Nanovector ASA

21 October 2015



NORDIC NANOVECTOR

Table of contents

About Nordic Nanovector

Nordic Nanovector is a biotech Company focusing on the development and commercialisation of novel targeted therapeutics in haematology and oncology. The Company's lead clinical-stage product opportunity is Betalutin®, the first in a new class of Antibody-Radionuclide-Conjugates (ARCs), designed to improve upon and complement current options for the treatment of non-Hodgkin Lymphoma (NHL). NHL is an indication with substantial unmet medical need and orphan drug opportunities, representing a growing market worth over USD 12 billion by 2018.

Betalutin® comprises a tumour-seeking anti-CD37 antibody (HH1) conjugated to a low intensity radionuclide (lutetium-177). The preliminary data has shown promising efficacy and safety profile in an ongoing Phase 1 study, in a difficult-to-treat NHL patient population. The Company aims to rapidly develop Betalutin® for the treatment of major types of NHL with first regulatory submission in follicular lymphoma (FL) anticipated 1H 2019.

Nordic Nanovector intends to retain marketing rights and to actively participate in the commercialisation of Betalutin® in core markets, while exploring potential distribution agreements in selected geographies. The Company is committed to developing its ARC pipeline to treat multiple selected cancer indications.

Highlights

- **Strategic decision made to adapt the clinical development plan for Betalutin® in follicular lymphoma**
  - Changes driven by new data and endorsed by Scientific Advisory Board, clinical and regulatory advisors
  - As a result, the first regulatory submission for Betalutin® is expected in 1H 2019, compared with 2H 2017 in the original plan
  - Revised plan will allow the Company to explore new pre-dosing regimens and more potent doses of Betalutin® to potentially deliver even better treatment outcomes

- **New plan designed to enhance the chances of Betalutin® gaining regulatory approval with an even better competitive product profile**
  - Lower risk: optimal dosing regimen established before starting pivotal Phase 2 PARADIGME trial
  - Key milestone: selection of Betalutin® optimal dose regimen by 1H 2017
  - Increased efficiency: PARADIGME trial will enrol fewer patients and use a clearly defined dose
  - New plan opens the possibility of an earlier IND and an earlier involvement of US sites

- **Based on the approved plan, cash resources are expected to be sufficient until first regulatory submission, anticipated 1H 2019**
  - New plan requires fewer patients
  - No run-in phase of PARADIGME
  - Different cost phasing on the clinical program

- **Presentation at European Association of Nuclear Medicine (EANM)**
  - Preclinical research highlighting potential of chimeric Lu-177-conjugated HH1 antibody in multiple indications

- **Capital Markets Day announced**
  - Oslo, Tuesday 17 November 2015

Key figures

Amounts in MNOK (except earnings/loss per share)	Quarter to date		Year to date	
	Q3 - 2015	Q3 - 2014	Q3 - 2015	Q3 - 2014
Total operating revenue	0.1	0.1	0.3	0.3
Net total operating expenses	63.0	11.9	150.1	39.8
Operating profit (loss)	-62.9	-11.9	-149.8	-39.5
Financial items, net	2.4	1.6	7.9	2.6
Total comprehensive income (loss) for the period	**-60.7**	**-10.3**	**-142.1**	**-36.9**
Basic and diluted earnings (loss) per share	**-1.36**	**-0.44**	**-3.63**	**-2.70**
Number of employees	**30**	**16**	**30**	**16**
Net change in bank deposits, cash and equivalents	-47.7	277.9	432.5	249.9
Cash and equivalents at beginning of period	817.1	51.6	337.0	79.6
Cash and equivalents at end of period	**769.5**	**329.5**	**769.5**	**329.5**

Operational review

Clinical results with Betalutin® to date

Nordic Nanovector's lead product candidate Betalutin® is currently being investigated in a Phase 1/2 clinical study (Lymrit 37-01) in patients with relapsed / refractory $CD37^+$ Follicular Lymphoma (FL). Key findings to date, and most recently presented at the 13th International Conference on Malignant Lymphoma (ICML, Lugano, Switzerland) in June, include:

- Betalutin® is well tolerated, with a predictable and manageable safety profile: most adverse events are haematological in nature, all transient and reversible.
- 15 MBq/kg b.w. Betalutin® with unconjugated HH1 antibody pre-dosing is currently recommended for part 2 of this Phase 1/2 study. This dose was endorsed by the Safety Advisory Board.
- Betalutin® delivers a highly favourable response rate in this patient population: Overall Response Rate (ORR) 64% and Complete Response (CR) 36%
- Clinical responses observed are sustained, with 5 out of 7 (71%) patients still in response, and duration of response ranging from 6 to 21+ months.

Two abstracts have been submitted to the American Society of Hematology (ASH) conference (5-8 December 2015): one has been accepted for presentation, the other will be published on Blood online.

Adapted clinical development plan for Betalutin® in non-Hodgkin Lymphoma

On 15 October, Nordic Nanovector announced it has made a strategic decision to adapt the clinical development plan for Betalutin® to improve the chances of successfully gaining regulatory approval with a product profile that would make it an even more competitive new treatment for follicular lymphoma. The decision was based on newly available data with regard to pre-dosing and on advice from the Company's Scientific Advisory Board, and other clinical and regulatory advisors.

The new data relate to the first two patients recently (post ICML) enrolled into a new arm of the Phase 1/2 study. The patients received 15 MBq/kg Betalutin® without HH1 pre-dosing, and both experienced transient yet dose-limiting toxicities (DLTs) in the form of thrombocytopenia. As a result, the 15 MBq/kg dosing regimen without HH1 pre-dosing was deemed no longer suitable for use in the pivotal Phase 2 PARADIGME trial.

Importantly, the result confirmed the protective role of HH1 pre-dosing as a crucial element of the Betalutin treatment regimen and gave the Company the opportunity to reconsider how to determine the optimal regimen to take forward into PARADIGME. The revised plan will allow the Company to explore new pre-dosing regimens and Betalutin® to potentially deliver even better treatment outcomes.

As with the previous development plan for Betalutin®, the revised plan is designed to meet the filing requirements for a 3rd line FL indication and is considered by the Company to be lower risk and more cost efficient compared to continuing with the execution of PARADIGME. The revised plan sees the previous dose-finding element of the PARADIGME trial being expanded and integrated into the Phase 1/2 (Lymrit 37-01) trial that is currently underway. Previously, the dose-finding element was to be conducted in parallel as the 'run-in' phase of the PARADIGME study, to potentially accelerate the time to approval.

In addition to the 15 patients already dosed, the revised Phase 1/2 trial is expected to include:

- Arm 1 (Part 2): nine more patients on 15 MBq/kg (with HH1 pre-dosing), the dose currently endorsed by the Safety Advisory Board, making a total of 15 patients. In case of favorable safety data, dosage can be escalated to 17.5 MBq;
- Arm 2 (Part 1): up to three patients on 10 MBq/kg (without HH1 pre-dosing)
- Arm 3 (Part 1): three patients on 15 MBq/kg (without HH1 pre-dosing, yet receiving rituximab on Day 0), followed by a second cohort of three patients on a higher dose (17.5 MBq/kg and/or 20 MBq/kg, depending on advice from Safety Advisory Board), if no DLT
- Arm 4 (Part 1): three patients on 15 MBq/kg (with a higher amount of HH1 pre-dosing), followed by a second cohort of three patients on a higher dose (17.5 MBq/kg and/or 20 MBq/kg, depending on advice from Safety Advisory Board), if no DLT

The successful completion of this study and selection of a single dosing regimen will lead to the initiation of the PARADIGME trial, which will be a single arm, 85-patient efficacy and safety trial. Importantly, the revised plan opens the possibility of an earlier IND and an earlier involvement of US sites.

The revised Phase 1/2 trial is projected to read out around the end of Q1 2017 and will allow the selection of the optimal dosing regimen to be used for the updated PARADIGME trial, which is now expected to start in 1H 2017. As a result, the first regulatory submission for Betalutin® is expected in 1H 2019, compared with 2H 2017 in the original plan.

Based on the approved plan, the Company expects that cash resources will be sufficient to reach the first regulatory submission despite the extended timelines. This is due to the overall reduction in patient numbers required for the PARADIGME study and to a different cost phasing.

In parallel, the Company will conduct dosimetry studies in Germany and in the US, following FDA recommendation to further enhance understanding of the safety profile of Betalutin®.

Investigating Betalutin® in second NHL indication

Nordic Nanovector aims to maximise the commercial potential of Betalutin® by conducting clinical studies in a second NHL indication, diffuse large B-cell lymphoma (DLBCL), which, together with FL, represent the most prevalent forms of NHL. The Company first plans to investigate Betalutin® in relapsed DLBCL patients who are ineligible for stem cell transplant. This represents the most prevalent relapsed DLBCL patient population and the one where the unmet medical need is the highest. The plan is to start the DLBCL program at the end of 2015, and with the first patient enrolled in Q1 2016. The first study will be a Phase 1 dose-finding study, with a classical 3+3 dose-escalation design. An IND application is being prepared for this study, which is anticipated to enrol patients in the US and Europe.

Preclinical presentations

While the majority of Nordic Nanovector's focus is on its clinical development programs, the Company is also undertaking further preclinical investigations to better understand the mechanisms of action of Betalutin®. Our academic collaborators at INSERM in Toulouse and Montpellier, France, presented data on this project at the recent European Association of Nuclear Medicine (EANM) conference (Hamburg, Germany, 10-14 October).

As an opportunity for further value creation, the Company is investigating the use of Betalutin® in combination with rituximab in preclinical studies. These studies are based on the evidence that CD20 antigens on tumour cells (the target for rituximab) are upregulated by Betalutin®. The first data on this project will be presented at ASH in December.

The Company is also evaluating other programs beyond Betalutin®. Results from one such programme was also presented at the EANM. The presentation compared Betalutin® with a Lu-177-conjugated anti-CD37 chimeric HH1 antibody that the Company is developing. In the study, the chimeric HH1 was shown to have certain features that suggest it might have potential applications in 1st line B-cell tumours. Such characteristics include its ability to (1) elicit reduced levels of human anti-drug antibody responses compared to murine HH1 offering the potential for multiple doses to be administered, and (2) to induce the innate immune system to destroy target tumour cells.

The Company is investigating further the potential of the chimeric HH1 in a preclinical program with the intention, if successful, of taking it forward into clinical studies.

Capital Markets Day

Nordic Nanovector will host a Capital Markets Day on Tuesday, 17 November 2015 in Oslo for investors, analysts and members of the press. The event will provide an opportunity to learn more about the Company's corporate strategy, its lead product Betalutin® as a potential new treatment for NHL, and the development and commercialisation plans for this novel ARC, as well as future opportunities for value creation. Presentations will be given by members of Nordic Nanovector's senior management team and selected experts in the fields of ARCs and NHL.

Financial review

The consolidated financial statements as of 30 September 2015 have been prepared in accordance with the International Accounting Standard (IFRS) 34 interim financial reporting.

Consolidated statement of profit or loss

Revenues for Q3 2015 amounted to NOK 0.076 million compared to NOK 0.077 million in Q3 2014. Revenues YTD September 2015 decreased to NOK 0.294 million from NOK 0.313 million YTD September 2014. Revenues relate to incubator services and sublease of office and laboratory.

Net operating expenses increased from NOK 11.9 million for Q3 2014 to NOK 63.0 million in the same quarter of 2015. Expenses were composed of NOK 15.7 million for payroll and related expenses (Q3 2014: NOK 4.0 million), NOK 0.3 million in depreciation (Q3 2014: NOK 0.1 million) and of NOK 47.1 million in other operating expenses (Q3 2014: NOK 7.8 million).

Net operating expenses increased with NOK 110.3 million from NOK 39.8 million YTD September 2014 to NOK 150.1 million YTD September 2015. The cost increase was driven by hiring 14 new employees from September 2014 to September 2015, new infrastructure, costs related to the listing on Oslo Stock Exchange, development cost of the lead product candidate Betalutin® and new product candidates in the discovery and preclinical phase. The planned acceleration of other operating expenses are related to clinical trial costs, and establishment of manufacturing routes for clinical and later commercial supply.

Net financial items Q3 2015 reached NOK 2.4 million compared to NOK 1.6 million the same quarter 2014. YTD September 2015, net financial items increased from NOK 2.6 million YTD September 2014 to NOK 7.9 million mainly due to higher cash position in bank which increased the interest income.

Nordic Nanovector's total comprehensive loss for Q3 2015 was NOK 60.7 million compared to a net loss of NOK 10.3 million in the same period of 2014. The Company's total comprehensive loss YTD September 2015 increased from NOK 36.9 million YTD September 2014 to NOK 142.1 million.

The development cost of the lead product candidate Betalutin® portion of the total operating expenses was NOK 90.5 million (60% of total operating expenses YTD September 2015).

Financial position

Assets

Total assets at 30 September 2015 amounted to NOK 796.5 million compared to NOK 838.3 million at 30 June 2015.

Liabilities

The rise in current liabilities from NOK 37.8 million at 30 June 2015 to NOK 53.9 million at 30 September 2015 primarily arose from the increase in accounts payable and accrued expenses related to the clinical program for the lead product candidate Betalutin®.

Shareholders' equity

The Company's share capital as of 30 September 2015 was NOK 8,903,808 (30 June 2015: NOK 8,903,808), being 44,519,041 ordinary shares at a nominal value of NOK 0.20. All shares carry equal voting rights.

Total shareholders' equity for the Group was NOK 742.7 million at the end of September 2015, with an equity ratio of 93.2 per cent, compared to NOK 800.6 million end of June 2015 (equity ratio of 95.5 per cent).

Cash flow

Total net **cash flow from operating** activities for the Group was negative NOK 112.7 million YTD Q3 2015, compared to negative NOK 37.2 million for the same period in 2014. Total net **cash flow from investing activities** for the Group was negative NOK 1.3 million YTD Q3 2015, compared to negative NOK 0.2 million for the same period in 2014, mainly due to investment in infrastructure, lab equipment and IT hardware/software.

Total **cash flow from financing activities** for the Group was net NOK 546.4 million YTD September 2015 compared to NOK 287.4 million the same period in 2014. The oversubscribed and upsized IPO completed in March and the exercise of the over-allotment option in April related to the stabilisation program in connection with the IPO, raised gross NOK 575 million and share issue costs amounted to NOK 28.6 million.

Cash and cash equivalents were NOK 769.5 million at the end of September 2015 for the Group, compared to NOK 329.5 million at the end of September 2014.

Strategy and outlook

Nordic Nanovector is committed to develop, manufacture and deliver innovative therapies to patients in an effort to address major unmet medical needs and advance cancer care. The Company aspires to become a leader in the development of targeted Antibody-Radionuclide-Conjugates (ARC) for haematological cancers. The strategic roadmap to realise this aspiration is:

1. Focus most of the Company's 2015-2018 resources to the lead asset Betalutin® to accelerate its clinical development in NHL, and in parallel to run additional trials in 2nd line FL and DLBCL.

2. Establish a development and commercialisation plan for Betalutin® with the intent to deliver a differentiated Target Product Profile that meets the requirements of both regulatory and reimbursement agencies while achieving a strong and competitive market position.

3. Leverage the Company's proprietary ARC technology to target challenging haematological cancers where the unmet medical need is high, such as NHL, chronic lymphocytic leukaemia, multiple myeloma, and other B cell malignancies, through focused strategic investments in discovery research.

4. Continue to reinforce the Company's organisation through attracting key talents with strong technical and international experience while maintaining flexibility and efficiency.

Oslo, 20 October 2015

The Board of Directors
Nordic Nanovector ASA

Interim consolidated statement of profit or loss and other comprehensive income

Amounts in NOK 1000	Note	Quarter to date		Year to date		Full year
		Q3 - 2015	Q3 - 2014	Q3 - 2015	Q3 - 2014	2014
Revenues	8	**76**	**77**	**294**	**313**	**439**
Total revenues		**76**	**77**	**294**	**313**	**439**
Payroll and related expenses	4, 5	15 666	4 002	36 699	9 926	19 656
Depreciation		269	94	696	235	345
Other operating expenses	4, 8	47 092	7 846	112 737	29 624	49 108
Total operating expenses		**63 027**	**11 942**	**150 132**	**39 785**	**69 109**
Operating profit (loss)		**-62 951**	**-11 865**	**-149 838**	**-39 471**	**-68 670**
Finance income and finance expenses						
Finance income		3 422	1 676	9 322	2 717	5 043
Finance expenses		1 019	98	1 399	98	2
Financial items, net		**2 403**	**1 578**	**7 923**	**2 619**	**5 041**
Loss before income tax		**-60 548**	**-10 287**	**-141 915**	**-36 853**	**-63 629**
Income tax		-44	0	-64	0	-44
Loss for the period		**-60 592**	**-10 287**	**-141 979**	**-36 853**	**-63 673**
Other comprehensive income (loss), net of income tax						
Other comprehensive income (loss), net of income tax		-79	0	-99	0	-164
Total comprehensive income (loss) for the period		**-60 671**	**-10 287**	**-142 078**	**-36 853**	**-63 837**
Loss for the period attributable to owners of the Company		-60 592	-10 287	-141 979	-36 853	-63 673
Total comprehensive income (loss) for the period attributable to owners of the Company		-60 671	-10 287	-142 078	-36 853	-63 837
Earnings (loss) per share						
Basic and diluted earnings (loss) per share in NOK	9	-1.36	-0.44	-3.63	-2.70	-3.54

Interim consolidated statement of financial position

Amounts in NOK 1000	Note	30.9.2015	30.6.2015	31.12.2014
ASSETS				
Non-current assets				
Property, plant and equipment		3 024	2 561	1 573
Total property, plant and equipment		**3 024**	**2 561**	**1 573**
Receivables				
Other non-current receivables	4,8	0	45	45
Total non-current receivables		**3 024**	**2 606**	**1 618**
Current assets				
Receivables				
Other current receivables		24 059	18 576	7 076
Total receivables		**24 059**	**18 576**	**7 076**
Cash and cash equivalents		769 464	817 143	337 018
Total current assets		**793 524**	**835 720**	**344 094**
TOTAL ASSETS		**796 547**	**838 326**	**345 712**
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital	6	8 904	8 904	5 310
Share premium	6	969 175	969 379	426 339
Other paid in capital	5	11 871	8 901	3 763
Accumulated losses		-247 279	-186 608	-105 201
Total shareholders' equity		**742 671**	**800 576**	**330 211**
Liabilities				
Current liabilities				
Accounts payable	8	9 689	15 133	6 230
Tax payable		0	0	44
Other current liabilities	10	44 187	22 617	9 226
Total current liabilities		**53 876**	**37 750**	**15 501**
Total liabilities		**53 876**	**37 750**	**15 501**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**796 547**	**838 326**	**345 712**

Interim consolidated condensed statement of changes in equity

For the period ended 30 September 2015								
Amounts in NOK 1000	**Note**	**Share capital**	**Share premium**	**Convertible instruments**	**Equity-settled share-based payments**	**Accumulated losses**	**Translation effects**	**Total equity**
Balance at 1 January 2014		**2 215**	**91 953**	**24 592**	**1 390**	**-41 364**	**0**	**78 785**
Loss for the year		0	0	0	0	-63 673	0	-63 673
Other comprehensive income (loss) for the year net of income tax		0	0	0	0	0	-164	-164
Total comprehensive income for the year		**0**	**0**	**0**	**0**	**-63 673**	**-164**	**-63 837**
Conversion of convertible loan		333	24 667	-25 000	0	0	0	0
Recognition of share-based payments		0	0	0	1 859	0	0	1 859
Remuneration to the BoD		0	0	0	514	0	0	514
Issue of ordinary shares – capitalisation issue		2 737	322 266	0	0	0	0	325 003
Issue of ordinary shares under share options		25	794	0	0	0	0	819
Share issue costs		0	-13 341	408	0	0	0	-12 933
Balance at 31 December 2014		**5 310**	**426 339**	**0**	**3 763**	**-105 037**	**-164**	**330 211**
Loss for the year						-141 979	0	-141 979
Other comprehensive income (loss) for the year, net of income tax							-99	-99
Total comprehensive income for the year		**0**	**0**	**0**	**0**	**-141 979**	**-99**	**-142 078**
Recognition of share-based payments	5	0	0	0	8 109	0	0	8 109
Issue of ordinary shares – capitalisation issue	6	3 594	571 406	0	0	0	0	575 000
Issue of ordinary shares under share options		0	0	0	0	0	0	0
Share issue costs	6	0	-28 571	0	0	0	0	-28 571
Balance at 30 September 2015		**8 904**	**969 175**	**0**	**11 871**	**-247 016**	**-263**	**742 671**

Interim condensed consolidated statement of cash flow

Amounts in NOK	Note	Year to date		For the full year ended
		Q3 - 2015	Q3 - 2014	2014
Cash flow from operating activities				
Loss for the period before income tax		**-141 915**	**-36 853**	**-63 629**
Adjustments for:				
Interest paid		0	0	0
Interest received		-782	-566	-4 343
Share option expense employees	5	8 109	401	1 859
Share-based expense Board of Directors		0	0	514
Taxes paid		-51	0	0
Depreciation		696	235	345
Changes in working capital e.g.		21 225	-413	7 053
Net cash flow from operating activities		**-112 718**	**-37 196**	**- 58 201**
Cash flow from investing activities				
Investments in property plant and equipment and intangible assets		-2 047	-805	-1 582
Interests received		782	566	4 343
Net cash flow from investing activities		**-1 265**	**-239**	**2 761**
Cash flows from financing activities				
Net proceeds from equity issue	6	546 429	287 388	312 889
Net cash flow from financing activities		**546 429**	**287 388**	**312 889**
Net change in bank deposits, cash and equivalents		432 446	-249 953	257 449
Cash and equivalents at beginning of period		337 018	79 569	79 569
Cash and equivalents at end of period		**769 464**	**329 522**	**337 018**

Nordic Nanovector ASA – Notes to the condensed interim financial statements for the three months ended 30 September 2015

Note 1. General information

Nordic Nanovector ASA ("the Company") is a limited company incorporated and based in Oslo, Norway. The address of the registered office is *Kjelsåsveien 168 B, 0884 Oslo.*

Nordic Nanovector is a biotech company focusing on the development and commercialisation of novel targeted therapeutics in haematology and oncology. The Company's lead clinical-stage product opportunity is Betalutin®, the first in a new class of Antibody-Radionuclide-Conjugates (ARCs), designed to improve upon and complement current options for the treatment of non-Hodgkin Lymphoma (NHL). NHL is an indication with substantial unmet medical need and orphan drug opportunities, representing a growing market worth over USD 12 billion by 2018.

The figures in this third quarter 2015 report are non-audited figures.

These financial statements were approved for issue by the Board of Directors on 20 October 2015.

Note 2. Basis for preparation and significant accounting policies

The principal accounting policies applied in the preparation of these financial statements can be found in the Group's Annual Report 2014. These policies have been consistently applied in all periods presented. Amounts are in Norwegian kroner (NOK) unless stated otherwise. The functional currency of the Group is NOK.

Basis of preparation of the annual accounts

The Nordic Nanovector Group's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) which have been adopted by the EU and are mandatory for financial years beginning on or after 1 January 2014, and Norwegian disclose requirements listed in the Norwegian Accounting Act as of 31 December 2014. The financial statements have been prepared on the historical cost basis, with the exception of receivables and other financial liabilities which are recognised at amortised cost.

Note 3. Critical accounting judgments and key sources of estimation uncertainty

Critical accounting estimates and judgments

Management makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are evaluated on an on-going basis and are based on historical experience and other factors, including expectations of future events that are considered to be relevant.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2014.

Note 4. Government grants

Government grants have been recognised in profit or loss as a reduction of the related expense with the following amounts:

	Quarter to date		Year to date	
Amounts in NOK 1000	**Q3 - 2015**	**Q3 - 2014**	**Q3 - 2015**	**Q3 - 2014**
Payroll and related expenses	145	158	1 944	1 014
Other operating expenses	1 474	895	2 973	2 273

1) The Company has been awarded a grant from The Research Council (program for user-managed innovation arena (BIA) of NOK 10,500,000 in total for the period 2012 through 2015. For the financial period ended 30 September 2015, the Company has recognised NOK 1,425,000 (as of September 30, 2014: NOK 1,500,000) classified partly as a reduction of payroll and related expenses and partly as a reduction of other operating expenses.

2) The Research Council Eurostars has awarded a grant supporting a collaboration research agreement with Affibody AB for the period 2014 through 2017 of NOK 4 million in total. For the financial period ended 30 September 2015, the Company has recognised NOK 1,161,000 partly as a reduction of payroll and related expenses and partly as a reduction of other operating expenses. In YTD Q2 2014, the Company received NOK 60,000 in grant from The Research Council for filing the Eurostar application.

3) R&D projects have been approved for a Skattefunn grant for the period 2012 through 2017. For the financial period ended 30 September 2015, the Company has recognised NOK 2,330,308 compared to NOK 1,344,000 for the same period in 2014. The amount was recognised partly as a reduction of payroll and related expenses and partly as a reduction of other operating expenses.

4) The Research Council awarded a grant supporting a PhD for the period 2011 through 2014 of NOK 1,940,000 in total. For the financial period ended 30 September 2014, the Company recognised NOK 443,000 partly as a reduction of payroll and related expenses and partly as a reduction of other operating expenses.

Note 5. Employee share option program

Overview

The Company has a share option scheme for all employees of the Group. Each share option gives the right to acquire one ordinary share of the Company on exercise. The Company may settle options in cash.

The following equity incentive schemes were in existence during the current and prior years:

Grant date	Number of options	Expiry date	Exercise price	Fair value at grant date
5 July 2011	150 000	30 June 2016	6.25	2.61
2 February 2012	90 000	2 February 2016	6.75	3.14
12 April 2012	40 000	12 April 2016	6.75	3.14
17 April 2012	15 000	30 June 2016	6.75	2.77
11 October 2012	50 000	11 October 2016	6.75	3.15
9 July 2014	43 800	9 July 2021	25.00	8.07
1 September 2014	868 106	1 September 2021	25.00	8.49
1 October 2014	15 000	1 October 2021	30.00	8.72
1 November 2014	591 041	1 November 2021	30.50	8.68
7 January 2015	718 200	7 January 2022	28,00	9.38
2 March 2015	80 000	20 March 2022	34,00	11.41
7 April 2015	30 000	7 April 2022	37,10	14.78
20 April 2015	10 000	20 April 2022	36,60	13.85
1 May 2015	20 000	1 May 2022	35,00	13.26
11 May 2015	20 000	11 May 2022	35,00	13.47
11 June 2015	10 000	11 June 2022	33,00	12.52
22 June 2015	50 000	22 June 2022	28,00	10.61
3 August 2015	15 000	3 August 2022	27,40	10.34

In general, 1/3 of the options granted in the 2011 to 2012 vested immediately upon grant. The remaining 2/3 vested in two portions (1/3 each time) at the achievement of defined milestones. The options granted under this program may be exercised twice a year, either in the period from 15 January to 15 February, or 1 August to 15 September each year from the date of vesting until expiry.

The options granted in 2014 and 2015 vest in accordance with the following vesting schedule: (i) 25% of the options vest 12 months after the date of grant and (ii) 1/36 of the remaining options vest each month thereafter. It is a condition for vesting that the option holder is an employee of the Group at the time of vesting. Vested options may be exercised in a period of 15 Norwegian business days from the day following the day of the Company's release of its annual or quarterly results, unless the Board of Directors resolves otherwise. The options expire seven years from grant date.

	Q3 - 2015		2014	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at 1 January	1 616 281	25.94	253 334	6.53
Granted during the year	953 200	29.22	1 517 947	27.20
Exercised during the year	0	0	-125 000	6.51
Forfeited	-33 425	14.75	-30 000	6.75
Balance at period end	**2 536 056**	**27.48**	**1 616 281**	**25.94**

Note 6. Share capital and shareholder information

Share capital as at 30 September 2015 is NOK 8,903,808 (31 December 2014: 5,310,058), being 44,519,041 ordinary shares at a nominal value of NOK 0.20. All shares carry equal voting rights.

The change in the number of shares during the period was as follows:	Q3 -2015	2014
Ordinary shares at 1 January	26 550 291	11 074 708
Issue of ordinary shares [1) 2)]	17 968 750	13 683 916
Issue of ordinary shares under share options [3)]	0	125 000
Issue of ordinary shares from conversion of loan [4)]	0	1 666 667
Ordinary shares [5)]	**44 519 041**	**26 550 291**

1) Nordic Nanovector undertook its Initial Public Offering (IPO) in March 2015, in conjunction with the listing of its shares on the Oslo Stock Exchange (OSE). The IPO was upsized from NOK 400 million to NOK 500 million on the basis of strong investor demand, and oversubscribed at the issue price of NOK 32. As a result, Nordic Nanovector raised NOK 500 million in gross proceeds from the sale of 15,625,000 shares at the issue price, from domestic and international institutional investors (Europe and US) and retail investors in Norway.

   No stabilisation activities were undertaken in connection with Nordic Nanovector's initial public offering in March. The stabilisation manager exercised 22 April 2015 the option to purchase from the Company 2,343,750 new shares in the Company, equalling 15% of the aggregate number of new shares allocated in the public offering, at a price per share of NOK 32, which is equal to the offer price. The 2,343,750 shares were delivered to HealthCap VI L.P. from whom the same number of shares were borrowed in connection with the over-allotment and stabilisation activities in the offering.

   After the issuance of the shares in connection with the exercise of the over-allotment option, the Company had 44,519,041 shares in issue and received NOK 75 million in additional proceeds from the offering. Total gross proceeds from the offering increased to NOK 575 million.

2) In July 2014, 10,000,000 shares were subscribed for in a private placement among existing shareholders and new institutional investors at a share price of NOK 25 per share for total gross proceeds of NOK 250 million. In September 2014, 2,000,000 shares were subscribed for in the subsequent repair offering at a share price of NOK 25 per share for gross proceeds of NOK 50 million.

   HealthCap VI L.P. subscribed in October 2014 for 1,666,666 shares at a share price of NOK 15. This transaction was a fulfilment of investment from September 2013.

   At the Extraordinary General Meeting held on 12 November 2014 it was resolved that each board member should have the right to receive the remuneration in cash, or wholly or partly in the form of shares. The shares were subscribed at nominal value of NOK 0.20 each and the number of shares to be issued was determined on the basis of the then prevailing market price of NOK 30 per share (i.e. a discount of NOK 29.80 per share). A total of 17,250 shares were subscribed for.

3) In February 2014, employees exercised 80,000 share options. The Shares were subscribed at a price of NOK 6.75 (60,000 shares) and NOK 6.5 (20,000 shares). In October 2014 one employee exercised 5,000 share options at a price of NOK 6.75, and in December 2014 one employee exercised 40,000 share options at a price of NOK 6.50.

4) HealthCap VI L.P. converted in May 2014 a convertible loan in the amount of NOK 25,000,005 made available to the Company pursuant to the subscription agreement entered into on 26 September 2013 and the resolution made by the General Meeting on the same date. The conversion price for the convertible loan was NOK 15, and the Company issued 1,666,667 new shares to HealthCap VI L.P.

5) The Annual General Meeting held 9 March 2015 granted an authorisation to increase the share capital limited to 10% of the share capital following the IPO, to be used in connection with the share based incentive programs for the Group's employees. Of the authorised 4.452,904 shares, 2,536,056 shares are granted (ref. note 5). The authorisation is valid until 26 June 2016 and replaces the authorisation granted at the Extraordinary General Meeting held on 27 June 2014.

Nordic Nanovector ASA has 2,116 shareholders as at 30 September 2015.

	Shareholders	Number of shares	Percentage share of total shares
1	HealthCap VI L.P.	5 445 833	12.23 %
2	Folketrygdfondet	3 765 685	8.46 %
3	Sciencons AS (Roy Hartvig Larsen)	1 162 000	2.61 %
4	Inven2 AS	1 091 675	2.45 %
5	Linux Solutions Norge AS	882 306	1.98 %
6	VPF Nordea Kapital	853 244	1.92 %
7	Must Invest AS	789 142	1.77 %
8	Arctic Funds PLC	735 665	1.65 %
9	Radiumhospitalets Forskningsstiftelse	728 518	1.64 %
10	Storebrand Norge I	726 919	1.63 %
11	Storebrand Vekst	722 712	1.62 %
12	Invesco Perp EUR	659 209	1.48 %
13	Roy Hartvig Larsen	600 000	1.35 %
14	Skandinaviska Enskilda Banken AB	532 500	1.20 %
15	Miniaste AS	530 000	1.19 %
16	OM Holding AS	520 000	1.17 %
17	Portia AS	500 000	1.12 %
18	Viola AS	500 000	1.12 %
19	VPF Nordea Avkastning	480 310	1.08 %
20	Verdipapirfondet Storebrand Optima	458 254	1.03 %
	Total shares for top 20 shareholders	**21 683 972**	**48.71 %**
	Total shares for other 2096 shareholders	22 835 069	51.29 %
	Total shares (2116 shareholders)	**44 519 041**	**100.00%**

The shares of Nordic Nanovector ASA have been traded on the Oslo Stock Exchange since 23 March 2015.

Note 7. Information about subsidiaries

The consolidated financial statements of the Group include		% Equity interest
Name	**Country of incorporation**	**2015**
Nordic Nanovector GmbH	Switzerland	100
Nordic Nanovector Ltd	United Kingdom	100

Nordic Nanovector is a public limited company incorporated and domiciled in Norway. The Company is the parent Company in the Group. The Group's operations are carried out by the Company and its wholly owned subsidiaries Nordic Nanovector GmbH and Nordic Nanovector Ltd. Nordic Nanovector GmbH is incorporated in Zug, Switzerland, with its registered address at *Dammstrasse 19, Zug, Switzerland*. Nordic Nanovector Ltd is incorporated in London, England, with its registered address *at 200 Brook Drive, Green Park, Reading RG2 6UB, United Kingdom.*

Note 8. Transactions with related parties

Details of transactions between the Group and related parties are disclosed below:

GROUP				
During the period, the Company entered into the following trading transactions with related parties:				
	Sales (included in revenue)		**Purchases (included in other operating expenses)**	
	30.9.2015	**30.9.2014**	**30.9.2015**	**30.9.2014**
Companies controlled by board member	294	266	44	323
At 30 September, the Company had the following balances with related parties:				
	Amounts owed by related parties (included in other receivables)		**Amounts owed to related parties (included in accounts payable)**	
	30.9.2015	**30.9.2014**	**30.9.2015**	**30.9.2014**
Companies controlled by board member	32	10	0	0

Note 9. Earnings per share

The calculation of basic and diluted earnings per share attributable to the ordinary shareholders of the parent is based on the following data:

Amounts in NOK 1000	Q3 - 2015	Q3 - 2014
Loss for the period	-141 979	-36 853
Average number of outstanding shares during the year	39 064 652	13 671 251
Earnings (loss) per share - basic and diluted	**-3.63**	**-2.70**

Share options issued have a potential dilutive effect on earnings per share. No dilutive effect has been recognised as potential ordinary shares only shall be treated as dilutive if their conversion to ordinary shares would decrease earnings per share, or increase loss per share from continuing operations. As the Company is currently loss-making an increase in the average number of shares would have anti-dilutive effects.

Note 10. Other current liabilities

Amounts in NOK 1000	30.9.2015	30.6.2015	31.12.2014
Unpaid duties and charges	1 483	1 956	1 864
Unpaid vacation pay	1 501	1 125	1 178
Other accrued costs	41 203	19 536	6 184
Other current liabilities	**44 187**	**22 617**	**9 226**

Other accrued costs for period ended 30 September 2015 are mainly related to development cost of the lead product candidate Betalutin®.

Note 11. Events after the reporting date

The clinical development plan for Betalutin® has been adapted (see operational review).

Additional information

Glossary of terms

- **1L, 2L, 3L**: first, second and third line of treatment
- **ARC:** Antibody-Radionuclide-Conjugate
- **(A)SCT**: (Autologous) stem cell transplant
- **ASH:** American Society of Hematology Annual Meeting
- **B-cell:** A type of lymphocyte (white blood cell) in the humoral immunity of the body's adaptive immune system. Can be distinguished from other lymphocytes by the presence of a protein on the B-cell's outer surface known as a B cell receptor (BCR). This specialised receptor protein allows a B-cell to bind to a specific antigen.
- **CD20:** B-lymphocyte antigen CD20 is an activated-glycosylated phosphoprotein expressed in the surface of all B-cells beginning at the pro-B phase and progressively increasing in concentration until maturity
- **CD37:** B-lymphocyte antigen CD-37 is a protein, a member of the transmembrane 4 superfamily, also known as the tetraspanin superfamily of cell surface antigens
- **CR:** Complete response
- **DLBCL**: Diffuse Large B-Cell Lymphoma
- **FL:** Follicular Lymphoma
- **FDA:** Food and Drug Administration
- **HH1:** Betalutin® consists of the radionuclide lutetium-177 which is joined to the B-cell seeking antibody HH1. The HH1 antibody in Betalutin® binds to the CD37 antigen B-cells (NHL cells).
- **IFRS:** International Financial Reporting Standard
- **IND**: Investigational New Drug
- **IPO**: Initial Public Offering
- **KOL**: Key opinion leader
- **LCM:** Lifecycle management
- **Lu-177:** Radionuclide lutetium-177
- **MBq:** Megabecquerel (radioactivity measurement unit)
- **M.D:** Medical doctor
- **nASCT:** Not eligible for autologous stem cell transplant
- **NHL:** Non-Hodgkin Lymphoma
- **OSE**: Oslo Stock Exchange
- **ORR**: Overall response rate (the CR and PR, jointly)
- **PARADIGME:** Name of Nordic Nanovector's pivotal Phase 2 study
- **PFS**: Progression free survival
- **PR:** Partial response
- **QoL**: Quality of life
- **R:** Rituximab
- **RIT:** Radioimmunotherapy
- **SAB:** Scientific Advisory Board
- **SD:** Stable disease
- **T-cell:** A type of lymphocyte (white blood cell) that plays a central role in cell-mediated immunity. Can be distinguished from other lymphocytes by the presence of a T-cell receptor (TCR) on the cell surface. They are called T-cells because they mature in the thymus.

Financial calendar

Q3 2015 results: 21 October 2015

Capital Markets Day: 17 November 2015

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Forward–looking statements

This report may contain certain forward-looking statements and forecasts based on uncertainty, since they relate to events and depend on circumstances that will occur in the future and which, by their nature, will have an impact on Nordic Nanovector's business, financial condition and results of operations. The terms "anticipates", "assumes", "believes", "can", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "should", "projects", "will", "would" or, in each case, their negative, or other variations or comparable terminology are used to identify forward-looking statements. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied in a forward-looking statement or affect the extent to which a particular projection is realised. Factors that could cause these differences include, but are not limited to, implementation of Nordic Nanovector's strategy and its ability to further grow, risks associated with the development and/or approval of Nordic Nanovector's products candidates, ongoing clinical trials and expected trial results, the ability to commercialise Betalutin®, technology changes and new products in Nordic Nanovector's potential market and industry, the ability to develop new products and enhance existing products, the impact of competition, changes in general economy and industry conditions and legislative, regulatory and political factors.

No assurance can be given that such expectations will prove to have been correct. Nordic Nanovector disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

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